



Department of Justice

United States Attorney Gregory G. Lockhart
Southern District of Ohio

FOR IMMEDIATE RELEASE
WEDNESDAY, JUNE 6, 2007
<http://www.usdoj.gov/usao/ohs>

CONTACT: Fred Alverson
Tel: 614-469-5715

LOCAL ATTORNEY SENTENCED FOR TAX CRIMES

DAYTON - Deborah C. Schram, age 57, of Bellbrook, Ohio, was sentenced to serve 12 months of incarceration followed by three years of supervised release for willfully failing to file a federal income tax return and for failing to collect and pay federal employment taxes to the Internal Revenue Service. Schram was also ordered to pay the cost of prosecution, make restitution to IRS, sell her Florida condo, and perform 100 hours of community service.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio and Jose Gonzalez, Special Agent in Charge, Internal Revenue Service, Criminal Investigation announced the sentence that was handed down late yesterday by Senior United States District Judge Walter H. Rice, Jr.

Schram conducted business as a sole proprietorship attorney specializing in family law and general civil litigation, in Dayton, Ohio. Schram started her practice upon graduating from the University of Dayton law school in 1978, which was the last time she filed a personal income tax return until 2003, shortly after the investigation commenced. As part of her sentence and plea agreement, Schram is required to pay all back taxes due to the IRS, including interest and penalties, and to cooperate with the IRS in determining and calculating the amount due. Figures for certain years have already been calculated. For example, Schram earned gross income in the amount of \$250,485 from her law practice during the calendar year 1999. The amount of restitution for Schram's personal income tax liability for the tax years 1998 to 2001 is \$84,870, not including interest or penalties.

In addition, during the course of her business operations, Schram employed various individuals without collecting or paying over the required employment taxes. For example, during the second Quarter of 2002, ending June 30, 2002, Schram employed at least five individuals, whom Schram paid at least \$19,981 in total wages. Schram was required by law to collect federal income taxes and Federal Insurance Contributions Act (FICA) taxes from these employees, and pay over these employment taxes to the IRS. During the second quarter of 2002, Schram failed to collect and pay over to the IRS a total \$8,451.97 in federal income taxes and FICA taxes from these five employees. The amount of restitution for Schram's employment tax liability for the tax years 1999 to 2002, inclusive, is \$109,688, not including any interest or penalties.

The total loss to the IRS calculated so far in this case for the income tax years 1998-2002 is \$194,558, not including any interest or penalties.

"Our office is committed to the vigorous enforcement of our nation's tax laws, regardless of position or profession," Lockhart said. "We should not forget that the ultimate victims of tax crimes are the honest and hardworking taxpayers and the numerous missions and programs funded by the government."

"The tax law is very clear – it is the responsibility of each employer to withhold employment taxes from the salaries of their employees," Gonzalez said. "Those employers who do not withhold employment taxes are engaging in unlawful conduct."

Lockhart commended the IRS agents who investigated the case and Assistant U.S. Attorney and Deputy Criminal Chief Vipal J. Patel, who prosecuted the case.

#